

SENATE BILL No. 260

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1.

Synopsis: Various property tax issues. Adjusts the procedure for a public utility company to appeal the distributable property assessment of the department of local government finance (DLGF) to the board of tax review. Allows a designee of the commissioner of the DLGF to attest copies of certain documents used to prove an action, rule, or order of the DLGF. Allows a taxpayer that initiated an appeal to the DLGF of a political subdivision's budget, rate, and levy to seek judicial review if the DLGF fails to act on the appeal in a timely manner. Allows the county auditor to amend assessed valuation information provided to the DLGF and political subdivisions that is used to set property tax rates. Provides that the DLGF rules for assessment of real property are not required to include instructions for determining depreciation or reproduction cost. Allows a civil taxing unit to appeal for an excessive property tax levy to cover a shortfall caused by tax delinquencies. Allows an increase in a civil taxing unit's maximum permissible levy to offset the effects of temporary adjustments in any preceding year after 2003. Changes the annual deadline for filing for various property tax benefits for individuals from May 10 to June 10. Requires the county auditor to publish an annual notice of the availability of various property tax benefits. States requirements for maintaining a class action suit against the DLGF.

Effective: Upon passage; July 1, 2006.

Kenley

January 9, 2006, read first time and referred to Committee on Tax and Fiscal Policy.

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Introduced

Second Regular Session 114th General Assembly (2006)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2005 Regular Session of the General Assembly.

SENATE BILL No. 260

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-8-28 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 28. (a) Each year
3 the department of local government finance shall notify each public
4 utility company of:

5 (1) the department's tentative assessment of the company's
6 distributable property; and

7 (2) the value of the company's distributable property used by the
8 department to determine the tentative assessment.

9 **(b) The department of local government finance shall give the**
10 **notice ~~on or before~~ required by subsection (a) not later than:**

11 **(1) September 1 in the case of railroad car companies; and ~~shall~~**
12 **~~give the notice on or before~~**

13 **(2) June 1 in the case of all other public utility companies.**

14 **~~(b) Within~~ (c) Not later than** ten (10) days after a public utility
15 company receives **the notice of the department of local government**
16 **finance's tentative assessment, required by subsection (a),** the
17 company may:

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(1) file with the department its objections to the tentative assessment; and

(2) ~~demand request~~ that the department hold a ~~hearing~~ **preliminary conference** on the tentative assessment.

(d) If the **public utility** company does not file ~~with the department~~ of local government finance its objections to the tentative assessment **under subsection (c)(1)** within the time allowed:

(1) the tentative assessment is **considered** final; and

(2) ~~the company may not be appealed; appeal the assessment~~ **under section 30 of this chapter.**

SECTION 2. IC 6-1.1-8-29 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 29. (a) If a public utility company files its objections to ~~and demands a hearing on;~~ a tentative assessment within the time allowed **under section 28(c) of this chapter**, the department of local government finance ~~shall~~ **may** hold a ~~hearing~~ **preliminary conference** on the tentative assessment at a time and place fixed by the department. After the ~~hearing,~~ **preliminary conference**, if any, the department of local government finance shall:

(1) make a final assessment of the company's distributable property; and ~~shall~~

(2) notify the company of the final assessment. ~~However,~~

(b) The department of local government finance must give notice of the final assessment ~~before:~~ **under this section not later than:**

(1) September 30 in the case of railroad car companies; and ~~before~~

(2) June 30 in the case of all other public utility companies.

SECTION 3. IC 6-1.1-8-30 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 30. ~~ff~~ (a) A public utility company files its objections to the department of local government finance's tentative assessment of the company's distributable property in the manner prescribed in section 28 of this chapter; ~~the company may initiate an appeal of the department's final assessment of that~~ **the company's distributable** property by filing a petition with the Indiana board not ~~more~~ **later** than forty-five (45) days after:

(1) **the public utility company receives notice of the tentative assessment under section 28(a) of this chapter if the final assessment becomes final under section 28(d) of this chapter;**
or

(2) the department of local government finance gives the public utility **company** notice of the final determination ~~The under~~

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1 **section 29(a) of this chapter.**

2 **(b) A public utility company** may petition for judicial review of the
 3 Indiana board's final determination to the tax court under IC 4-21.5-5.
 4 However, the company must:

- 5 (1) file a verified petition for judicial review; and
 6 (2) mail to the county auditor of each county in which the public
 7 utility company's distributable property is located:
 8 (A) a notice that the complaint was filed; and
 9 (B) instructions for obtaining a copy of the complaint;

10 ~~within not later than~~ forty-five (45) days after the date of the notice of
 11 the Indiana board's final determination.

12 SECTION 4. IC 6-1.1-12-2 IS AMENDED TO READ AS
 13 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) Except as
 14 provided in section 17.8 of this chapter, a person who desires to claim
 15 the deduction provided by section 1 of this chapter must file a
 16 statement in duplicate, on forms prescribed by the department of local
 17 government finance, with the auditor of the county in which the real
 18 property, mobile home not assessed as real property, or manufactured
 19 home not assessed as real property is located. With respect to real
 20 property, the statement must be filed during the twelve (12) months
 21 before ~~May~~ **June** 11 of each year for which the person wishes to obtain
 22 the deduction. With respect to a mobile home that is not assessed as
 23 real property or a manufactured home that is not assessed as real
 24 property, the statement must be filed during the twelve (12) months
 25 before March 2 of each year for which the individual wishes to obtain
 26 the deduction. The statement may be filed in person or by mail. If
 27 mailed, the mailing must be postmarked on or before the last day for
 28 filing. In addition to the statement required by this subsection, a
 29 contract buyer who desires to claim the deduction must submit a copy
 30 of the recorded contract or recorded memorandum of the contract,
 31 which must contain a legal description sufficient to meet the
 32 requirements of IC 6-1.1-5, with the first statement that the buyer files
 33 under this section with respect to a particular parcel of real property.
 34 Upon receipt of the statement and the recorded contract or recorded
 35 memorandum of the contract, the county auditor shall assign a separate
 36 description and identification number to the parcel of real property
 37 being sold under the contract.

38 (b) The statement referred to in subsection (a) must be verified
 39 under penalties for perjury, and the statement must contain the
 40 following information:

- 41 (1) The balance of the person's mortgage or contract indebtedness
 42 on the assessment date of the year for which the deduction is

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1 claimed.

2 (2) The assessed value of the real property, mobile home, or
3 manufactured home.

4 (3) The full name and complete residence address of the person
5 and of the mortgagee or contract seller.

6 (4) The name and residence of any assignee or bona fide owner or
7 holder of the mortgage or contract, if known, and if not known,
8 the person shall state that fact.

9 (5) The record number and page where the mortgage, contract, or
10 memorandum of the contract is recorded.

11 (6) A brief description of the real property, mobile home, or
12 manufactured home which is encumbered by the mortgage or sold
13 under the contract.

14 (7) If the person is not the sole legal or equitable owner of the real
15 property, mobile home, or manufactured home, the exact share of
16 the person's interest in it.

17 (8) The name of any other county in which the person has applied
18 for a deduction under this section and the amount of deduction
19 claimed in that application.

20 (c) The authority for signing a deduction application filed under this
21 section may not be delegated by the real property, mobile home, or
22 manufactured home owner or contract buyer to any person except upon
23 an executed power of attorney. The power of attorney may be contained
24 in the recorded mortgage, contract, or memorandum of the contract, or
25 in a separate instrument.

26 SECTION 5. IC 6-1.1-12-4 IS AMENDED TO READ AS
27 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) An individual
28 who satisfies the requirements of section 3 of this chapter may file a
29 claim for a deduction, or deductions, provided by section 1 of this
30 chapter during the twelve (12) months before ~~May~~ **June** 11 of the year
31 following the year in which ~~he~~ **the individual** is discharged from
32 military service. The individual shall file the claim, on the forms
33 prescribed for claiming a deduction under section 2 of this chapter,
34 with the auditor of the county in which the real property is located. The
35 claim shall specify the particular year, or years, for which the deduction
36 is claimed. The individual shall attach to the claim an affidavit which
37 states the facts concerning the individual's absence as a member of the
38 United States armed forces.

39 (b) The county property tax assessment board of appeals shall
40 examine the individual's claim and shall determine the amount of
41 deduction, or deductions, ~~he~~ **the individual** is entitled to and the year,
42 or years, for which deductions are due. Based on the board's

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determination, the county auditor shall calculate the excess taxes paid by the individual and shall refund the excess to the individual from funds not otherwise appropriated. The county auditor shall issue, and the county treasurer shall pay, a warrant for the amount, if any, to which the individual is entitled.

SECTION 6. IC 6-1.1-12-10.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10.1. (a) Except as provided in section 17.8 of this chapter, an individual who desires to claim the deduction provided by section 9 of this chapter must file a sworn statement, on forms prescribed by the department of local government finance, with the auditor of the county in which the real property, mobile home, or manufactured home is located. With respect to real property, the statement must be filed during the twelve (12) months before ~~May~~ **June** 11 of each year for which the individual wishes to obtain the deduction. With respect to a mobile home that is not assessed as real property or a manufactured home that is not assessed as real property, the statement must be filed between January 15 and March 31, inclusive of each year for which the individual wishes to obtain the deduction. The statement may be filed in person or by mail. If mailed, the mailing must be postmarked on or before the last day for filing.

(b) The statement referred to in subsection (a) shall be in affidavit form or require verification under penalties of perjury. The statement must be filed in duplicate if the applicant owns, or is buying under a contract, real property, a mobile home, or a manufactured home subject to assessment in more than one (1) county or in more than one (1) taxing district in the same county. The statement shall contain:

- (1) the source and exact amount of gross income received by the individual and ~~his~~ **the individual's** spouse during the preceding calendar year;
- (2) the description and assessed value of the real property, mobile home, or manufactured home;
- (3) the individual's full name and ~~his~~ complete residence address;
- (4) the record number and page where the contract or memorandum of the contract is recorded if the individual is buying the real property, mobile home, or manufactured home on contract; and
- (5) any additional information which the department of local government finance may require.

(c) In order to substantiate ~~his~~ **the** deduction statement, the applicant shall submit for inspection by the county auditor a copy of ~~his~~ **the applicant's** and a copy of ~~his~~ **the applicant's** spouse's income tax

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returns for the preceding calendar year. If either was not required to file an income tax return, the applicant shall subscribe to that fact in the deduction statement.

SECTION 7. IC 6-1.1-12-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) Except as provided in section 17.8 of this chapter, a person who desires to claim the deduction provided in section 11 of this chapter must file an application, on forms prescribed by the department of local government finance, with the auditor of the county in which the real property, mobile home not assessed as real property, or manufactured home not assessed as real property is located. With respect to real property, the application must be filed during the twelve (12) months before ~~May~~ **June** 11 of each year for which the individual wishes to obtain the deduction. With respect to a mobile home that is not assessed as real property or a manufactured home that is not assessed as real property, the application must be filed during the twelve (12) months before March 2 of each year for which the individual wishes to obtain the deduction. The application may be filed in person or by mail. If mailed, the mailing must be postmarked on or before the last day for filing.

(b) Proof of blindness may be supported by:

- (1) the records of a county office of family and children, the division of family and children, or the division of disability, aging, and rehabilitative services; or
- (2) the written statement of a physician who is licensed by this state and skilled in the diseases of the eye or of a licensed optometrist.

(c) The application required by this section must contain the record number and page where the contract or memorandum of the contract is recorded if the individual is buying the real property, mobile home, or manufactured home on a contract that provides that ~~he~~ **the individual** is to pay property taxes on the real property, mobile home, or manufactured home.

SECTION 8. IC 6-1.1-12-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 15. (a) Except as provided in section 17.8 of this chapter, an individual who desires to claim the deduction provided by section 13 or section 14 of this chapter must file a statement with the auditor of the county in which the individual resides. With respect to real property, the statement must be filed during the twelve (12) months before ~~May~~ **June** 11 of each year for which the individual wishes to obtain the deduction. With respect to a mobile home that is not assessed as real property or a manufactured home that is not assessed as real property, the statement

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must be filed during the twelve (12) months before March 2 of each year for which the individual wishes to obtain the deduction. The statement may be filed in person or by mail. If mailed, the mailing must be postmarked on or before the last day for filing. The statement shall contain a sworn declaration that the individual is entitled to the deduction.

(b) In addition to the statement, the individual shall submit to the county auditor for the auditor's inspection:

(1) a pension certificate, an award of compensation, or a disability compensation check issued by the United States Department of Veterans Affairs if the individual claims the deduction provided by section 13 of this chapter;

(2) a pension certificate or an award of compensation issued by the United States Department of Veterans Affairs if the individual claims the deduction provided by section 14 of this chapter; or

(3) the appropriate certificate of eligibility issued to the individual by the Indiana department of veterans' affairs if the individual claims the deduction provided by section 13 or 14 of this chapter.

(c) If the individual claiming the deduction is under guardianship, the guardian shall file the statement required by this section.

(d) If the individual claiming a deduction under section 13 or 14 of this chapter is buying real property, a mobile home not assessed as real property, or a manufactured home not assessed as real property under a contract that provides that the individual is to pay property taxes for the real estate, mobile home, or manufactured home, the statement required by this section must contain the record number and page where the contract or memorandum of the contract is recorded.

SECTION 9. IC 6-1.1-12-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 17. Except as provided in section 17.8 of this chapter, a surviving spouse who desires to claim the deduction provided by section 16 of this chapter must file a statement with the auditor of the county in which the surviving spouse resides. With respect to real property, the statement must be filed during the twelve (12) months before ~~May~~ **June** 11 of each year for which the surviving spouse wishes to obtain the deduction. With respect to a mobile home that is not assessed as real property or a manufactured home that is not assessed as real property, the statement must be filed during the twelve (12) months before March 2 of each year for which the individual wishes to obtain the deduction. The statement may be filed in person or by mail. If mailed, the mailing must be postmarked on or before the last day for filing. The statement shall contain:

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(1) a sworn statement that the surviving spouse is entitled to the deduction; and

(2) the record number and page where the contract or memorandum of the contract is recorded, if the individual is buying the real property on a contract that provides that the individual is to pay property taxes on the real property.

In addition to the statement, the surviving spouse shall submit to the county auditor for the auditor's inspection a letter or certificate from the United States Department of Veterans Affairs establishing the service of the deceased spouse in the military or naval forces of the United States before November 12, 1918.

SECTION 10. IC 6-1.1-12-17.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 17.5. (a) Except as provided in section 17.8 of this chapter, a veteran who desires to claim the deduction provided in section 17.4 of this chapter must file a sworn statement, on forms prescribed by the department of local government finance, with the auditor of the county in which the real property, mobile home, or manufactured home is assessed. With respect to real property, the veteran must file the statement during the twelve (12) months before ~~May~~ **June** 11 of each year for which the veteran wishes to obtain the deduction. With respect to a mobile home that is not assessed as real property or a manufactured home that is not assessed as real property, the statement must be filed during the twelve (12) months before March 2 of each year for which the individual wishes to obtain the deduction. The statement may be filed in person or by mail. If mailed, the mailing must be postmarked on or before the last day for filing.

(b) The statement required under this section shall be in affidavit form or require verification under penalties of perjury. The statement shall be filed in duplicate if the veteran has, or is buying under a contract, real property in more than one (1) county or in more than one (1) taxing district in the same county. The statement shall contain:

- (1) a description and the assessed value of the real property, mobile home, or manufactured home;
- (2) the veteran's full name and complete residence address;
- (3) the record number and page where the contract or memorandum of the contract is recorded, if the individual is buying the real property, mobile home, or manufactured home on a contract that provides that the individual is to pay property taxes on the real property, mobile home, or manufactured home; and
- (4) any additional information which the department of local government finance may require.

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SECTION 11. IC 6-1.1-12-17.8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 17.8. (a) An individual who receives a deduction provided under section 1, 9, 11, 13, 14, 16, or 17.4 of this chapter in a particular year and who remains eligible for the deduction in the following year is not required to file a statement to apply for the deduction in the following year.

(b) An individual who receives a deduction provided under section 1, 9, 11, 13, 14, 16, or 17.4 of this chapter in a particular year and who becomes ineligible for the deduction in the following year shall notify the auditor of the county in which the real property, mobile home, or manufactured home for which ~~he~~ **the individual** claims the deduction is located of ~~his~~ **the individual's** ineligibility before ~~May~~ **June** 10 of the year in which ~~he~~ **the individual** becomes ineligible.

(c) The auditor of each county shall, in a particular year, apply a deduction provided under section 1, 9, 11, 13, 14, 16, or 17.4 of this chapter to each individual who received the deduction in the preceding year unless the auditor determines that the individual is no longer eligible for the deduction.

(d) An individual who receives a deduction provided under section 1, 9, 11, 13, 14, 16, or 17.4 of this chapter for property that is jointly held with another owner in a particular year and remains eligible for the deduction in the following year is not required to file a statement to reapply for the deduction following the removal of the joint owner if:

- (1) the individual is the sole owner of the property following the death of the individual's spouse;
- (2) the individual is the sole owner of the property following the death of a joint owner who was not the individual's spouse; or
- (3) the individual is awarded sole ownership of the property in a divorce decree.

SECTION 12. IC 6-1.1-14-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) After holding the hearings referred to in section 4 of this chapter, the department of local government finance shall, in order to equalize assessed values in any county or in the state as a whole, issue an order increasing or decreasing assessed values of any tangible property if the department finds:

- (1) that the assessed values in any county are not uniform and equal as to townships, portions of the same township, or classes of property; or
- (2) that the assessed values in this state are not uniform and equal either as between counties or as to classes of property.

(b) The department of local government finance may not issue an

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1 equalization order to increase or decrease assessed values under this
 2 section more than twelve (12) months after the county estimates of
 3 assessed valuation required under ~~IC 6-1.1-17-1~~ **IC 6-1.1-17-1(a)** are
 4 filed with the department.

5 (c) If the department of local government finance issues an
 6 equalization order under this section, the department shall state in the
 7 order the percentage to be added to or deducted from the assessed
 8 value of the tangible property affected by the order.

9 (d) In issuing an equalization order under this section, the
 10 department of local government finance may not reduce or increase the
 11 aggregate assessed values of any township beyond the amounts actually
 12 necessary for a just and proper equalization of assessments within the
 13 entire state.

14 SECTION 13. IC 6-1.1-15-15 IS AMENDED TO READ AS
 15 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 15. A class action
 16 suit against the Indiana board **or the department of local government**
 17 **finance** may not be maintained in any court, including the Indiana tax
 18 court, on behalf of a person who has not complied with the
 19 requirements of this chapter or IC 6-1.1-26 before the certification of
 20 the class.

21 SECTION 14. IC 6-1.1-17-1 IS AMENDED TO READ AS
 22 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) On or before
 23 August 1 of each year, the county auditor shall send a certified
 24 statement, under the seal of the board of county commissioners, to the
 25 fiscal officer of each political subdivision of the county and the
 26 department of local government finance. The statement shall contain:

27 (1) information concerning the assessed valuation in the political
 28 subdivision for the next calendar year;

29 (2) an estimate of the taxes to be distributed to the political
 30 subdivision during the last six (6) months of the current calendar
 31 year;

32 (3) the current assessed valuation as shown on the abstract of
 33 charges;

34 (4) the average growth in assessed valuation in the political
 35 subdivision over the preceding three (3) budget years, excluding
 36 years in which a general reassessment occurs, determined
 37 according to procedures established by the department of local
 38 government finance; and

39 (5) any other information at the disposal of the county auditor that
 40 might affect the assessed value used in the budget adoption
 41 process.

42 (b) The estimate of taxes to be distributed shall be based on:

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(1) the abstract of taxes levied and collectible for the current calendar year, less any taxes previously distributed for the calendar year; and

(2) any other information at the disposal of the county auditor which might affect the estimate.

(c) The fiscal officer of each political subdivision shall present the county auditor's statement to the proper officers of the political subdivision.

(d) Subject to subsection (e) and except as provided in subsection (f), after the county auditor sends a certified statement under subsection (a) or an amended certified statement under this subsection with respect to a political subdivision and before the department of local government finance certifies its action with respect to the political subdivision under section 16(f) of this chapter, the county auditor may amend the information concerning assessed valuation included in the earlier certified statement. The county auditor shall send a certified statement amended under this subsection, under the seal of the board of county commissioners, to:

(1) the fiscal officer of each political subdivision affected by the amendment; and

(2) the department of local government finance.

(e) Except as provided in subsection (g), before the county auditor makes an amendment under subsection (d), the county auditor must provide an opportunity for public comment on the proposed amendment at a public hearing. The county auditor must give notice of the hearing under IC 5-3-1.

(f) Subsection (d) does not apply to an adjustment of assessed valuation under IC 36-7-15.1-26.9(d).

(g) The county auditor is not required to hold a public hearing under subsection (e) if the amendment under subsection (d) is proposed to:

(1) correct a mathematical error made in the determination of the amount of assessed valuation included in the earlier certified statement; or

(2) add to the amount of assessed valuation included in the earlier certified statement assessed valuation of omitted property discovered after the county auditor sent the earlier certified statement.

SECTION 15. IC 6-1.1-17-16, AS AMENDED BY P.L.228-2005, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2006]: Sec. 16. (a) Subject to the limitations and requirements

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prescribed in this section, the department of local government finance may revise, reduce, or increase a political subdivision's budget by fund, tax rate, or tax levy which the department reviews under section 8 or 10 of this chapter.

(b) Subject to the limitations and requirements prescribed in this section, the department of local government finance may review, revise, reduce, or increase the budget by fund, tax rate, or tax levy of any of the political subdivisions whose tax rates compose the aggregate tax rate within a political subdivision whose budget, tax rate, or tax levy is the subject of an appeal initiated under this chapter.

(c) Except as provided in subsections (j) and (k), before the department of local government finance reviews, revises, reduces, or increases a political subdivision's budget by fund, tax rate, or tax levy under this section, the department must hold a public hearing on the budget, tax rate, and tax levy. The department of local government finance shall hold the hearing in the county in which the political subdivision is located. The department of local government finance may consider the budgets by fund, tax rates, and tax levies of several political subdivisions at the same public hearing. At least five (5) days before the date fixed for a public hearing, the department of local government finance shall give notice of the time and place of the hearing and of the budgets by fund, levies, and tax rates to be considered at the hearing. The department of local government finance shall publish the notice in two (2) newspapers of general circulation published in the county. However, if only one (1) newspaper of general circulation is published in the county, the department of local government finance shall publish the notice in that newspaper.

(d) Except as provided in subsection (i), IC 6-1.1-19, or IC 6-1.1-18.5, the department of local government finance may not increase a political subdivision's budget by fund, tax rate, or tax levy to an amount which exceeds the amount originally fixed by the political subdivision. The department of local government finance shall give the political subdivision written notification specifying any revision, reduction, or increase the department proposes in a political subdivision's tax levy or tax rate. The political subdivision has one (1) week from the date the political subdivision receives the notice to provide a written response to the department of local government finance's Indianapolis office specifying how to make the required reductions in the amount budgeted by fund. The department of local government finance shall make reductions as specified in the political subdivision's response if the response is provided as required by this subsection and sufficiently specifies all necessary reductions. The

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department of local government finance may make a revision, a reduction, or an increase in a political subdivision's budget only by fund.

(e) The department of local government finance may not approve a levy for lease payments by a city, town, county, library, or school corporation if the lease payments are payable to a building corporation for use by the building corporation for debt service on bonds and if:

- (1) no bonds of the building corporation are outstanding; or
- (2) the building corporation has enough legally available funds on hand to redeem all outstanding bonds payable from the particular lease rental levy requested.

(f) The department of local government finance shall certify its action to:

- (1) the county auditor;
- (2) the political subdivision if the department acts pursuant to an appeal initiated by the political subdivision;
- (3) the **taxpayer that initiated an appeal under section 13 of this chapter, or, if the appeal was initiated by multiple taxpayers, the first ten (10) taxpayers whose names appear on a petition filed under section 13 of this chapter; the statement filed to initiate the appeal;** and
- (4) a taxpayer that owns property that represents at least ten percent (10%) of the taxable assessed valuation in the political subdivision.

(g) The following may petition for judicial review of the final determination of the department of local government finance under subsection (f):

- (1) If the department acts under an appeal initiated by a political subdivision, the political subdivision.
- (2) If the department:
 - (A) acts under an appeal initiated by **one (1) or more** taxpayers under section 13 of this chapter; **or**
 - (B) **fails to act on the appeal before the department certifies its action under subsection (f);**

a taxpayer who signed the ~~petition under that section;~~ **statement filed to initiate the appeal.**

(3) If the department acts under an appeal initiated by the county auditor under section 14 of this chapter, the county auditor.

(4) A taxpayer that owns property that represents at least ten percent (10%) of the taxable assessed valuation in the political subdivision.

The petition must be filed in the tax court not more than forty-five (45)

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days after the department certifies its action under subsection (f).

(h) The department of local government finance is expressly directed to complete the duties assigned to it under this section not later than February 15th of each year for taxes to be collected during that year.

(i) Subject to the provisions of all applicable statutes, the department of local government finance may increase a political subdivision's tax levy to an amount that exceeds the amount originally fixed by the political subdivision if the increase is:

(1) requested in writing by the officers of the political subdivision;

(2) either:

(A) based on information first obtained by the political subdivision after the public hearing under section 3 of this chapter; or

(B) results from an inadvertent mathematical error made in determining the levy; and

(3) published by the political subdivision according to a notice provided by the department.

(j) The department of local government finance shall annually review the budget by fund of each school corporation not later than April 1. The department of local government finance shall give the school corporation written notification specifying any revision, reduction, or increase the department proposes in the school corporation's budget by fund. A public hearing is not required in connection with this review of the budget.

(k) The department of local government finance may hold a hearing under subsection (c) only if the notice required in IC 6-1.1-17-12 is published at least ten (10) days before the date of the hearing.

SECTION 16. IC 6-1.1-18.5-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. As used in this chapter:

"Ad valorem property tax levy for an ensuing calendar year" means the total property taxes imposed by a civil taxing unit for current property taxes collectible in that ensuing calendar year.

"Adopting county" means any county in which the county adjusted gross income tax is in effect.

"Civil taxing unit" means any taxing unit except a school corporation.

"Maximum permissible ad valorem property tax levy for the preceding calendar year" means the civil taxing unit's ad valorem property tax levy for the calendar year immediately preceding the

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ensuing calendar year, as that levy was determined by the department of local government finance in fixing the civil taxing unit's budget, levy, and rate for that preceding calendar year under IC 6-1.1-17, and after eliminating the effects of temporary excessive levy appeals and temporary adjustments made to the working maximum levy for ~~the any~~ calendar year ~~immediately preceding~~ **after 2003 that precedes** the ensuing calendar year, as determined by the department of local government finance.

"Taxable property" means all tangible property that is subject to the tax imposed by this article and is not exempt from the tax under IC 6-1.1-10 or any other law. For purposes of sections 2 and 3 of this chapter, the term "taxable property" is further defined in section 6 of this chapter.

"Unadjusted assessed value" means the assessed value of a civil taxing unit as determined by local assessing officials and the department of local government finance in a particular calendar year before the application of an annual adjustment under IC 6-1.1-4-4.5 for that particular calendar year or any calendar year since the last general reassessment preceding the particular calendar year.

SECTION 17. IC 6-1.1-18.5-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 16. (a) A civil taxing unit may request permission from the local government tax control board to impose an ad valorem property tax levy that exceeds the limits imposed by section 3 of this chapter if:

- (1) the civil taxing unit experienced a property tax revenue shortfall that resulted from erroneous assessed valuation figures being provided to the civil taxing unit;
- (2) the erroneous assessed valuation figures were used by the civil taxing unit in determining its total property tax rate; and
- (3) the error in the assessed valuation figures was found after the civil taxing unit's property tax levy resulting from that total rate was finally approved by the department of local government finance.

(b) A civil taxing unit may request permission from the local government tax control board to impose an ad valorem property tax levy that exceeds the limits imposed by section 3 of this chapter if the civil taxing unit experienced a property tax revenue shortfall because of:

- (1) the payment of refunds that resulted from appeals under this article and IC 6-1.5; **or**
- (2) one (1) or more property tax delinquencies.**

(c) If the local government tax control board determines that a

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shortfall described in subsection (a) or (b) has occurred, it shall recommend to the department of local government finance that the civil taxing unit be allowed to impose a property tax levy exceeding the limit imposed by section 3 of this chapter, and the department may adopt such recommendation. However, the maximum amount by which the civil taxing unit's levy may be increased over the limits imposed by section 3 of this chapter equals the remainder of the civil taxing unit's property tax levy for the particular calendar year as finally approved by the department of local government finance minus the actual property tax levy collected by the civil taxing unit for that particular calendar year.

(d) Any property taxes collected by a civil taxing unit over the limits imposed by section 3 of this chapter under the authority of this section may not be treated as a part of the civil taxing unit's maximum permissible ad valorem property tax levy for purposes of determining its maximum permissible ad valorem property tax levy for future years.

(e) If the department of local government finance authorizes an excess tax levy under this section, it shall take appropriate steps to insure that the proceeds are first used to repay any loan made to the civil taxing unit for the purpose of meeting its current expenses.

SECTION 18. IC 6-1.1-20.9-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) An individual who desires to claim the credit provided by section 2 of this chapter must file a certified statement in duplicate, on forms prescribed by the department of local government finance, with the auditor of the county in which the homestead is located. The statement shall include the parcel number or key number of the real estate and the name of the city, town, or township in which the real estate is located. With respect to real property, the statement must be filed during the twelve (12) months before ~~May~~ **June** 11 of the year prior to the first year for which the person wishes to obtain the credit for the homestead. With respect to a mobile home that is not assessed as real property or a manufactured home that is not assessed as real property, the statement must be filed during the twelve (12) months before March 2 of the first year for which the individual wishes to obtain the credit. The statement may be filed in person or by mail. If mailed, the mailing must be postmarked on or before the last day for filing. The statement applies for that first year and any succeeding year for which the credit is allowed.

(b) The certified statement referred to in subsection (a) shall contain the name of any other county and township in which the individual owns or is buying real property.

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(c) If an individual who is receiving the credit provided by this chapter changes the use of the individual's real property, so that part or all of that real property no longer qualifies for the homestead credit provided by this chapter, the individual must file a certified statement with the auditor of the county, notifying the auditor of the change of use within sixty (60) days after the date of that change. An individual who changes the use of the individual's real property and fails to file the statement required by this subsection is liable for the amount of the credit ~~he~~ **the individual** was allowed under this chapter for that real property.

(d) An individual who receives the credit provided by section 2 of this chapter for property that is jointly held with another owner in a particular year and remains eligible for the credit in the following year is not required to file a statement to reapply for the credit following the removal of the joint owner if:

- (1) the individual is the sole owner of the property following the death of the individual's spouse;
- (2) the individual is the sole owner of the property following the death of a joint owner who was not the individual's spouse; or
- (3) the individual is awarded sole ownership of property in a divorce decree.

SECTION 19. IC 6-1.1-30-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. The department of local government finance shall keep a record of its proceedings and orders. The department of local government finance's record is a public record. A copy of the appropriate portion of the record is sufficient evidence in all courts or proceedings to prove an action, rule, or order of the department of local government finance if the copy is:

- (1) certified by the commissioner of the department; and
- (2) attested to by ~~the deputy~~ **a designee of the** commissioner of the department.

SECTION 20. IC 6-1.1-31-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) With respect to the assessment of real property, the rules of the department of local government finance shall provide for:

- (1) the classification of land on the basis of:
 - (i) acreage;
 - (ii) lots;
 - (iii) size;
 - (iv) location;
 - (v) use;
 - (vi) productivity or earning capacity;

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- (vii) applicable zoning provisions;
- (viii) accessibility to highways, sewers, and other public services or facilities; and
- (ix) any other factor that the department determines by rule is just and proper; and
- (2) the classification of improvements on the basis of:
 - (i) size;
 - (ii) location;
 - (iii) use;
 - (iv) type and character of construction;
 - (v) age;
 - (vi) condition;
 - (vii) cost of reproduction; and
 - (viii) any other factor that the department determines by rule is just and proper.

(b) With respect to the assessment of real property, the rules of the department of local government finance shall include instructions for determining:

- (1) the proper classification of real property;
- (2) the size of real property;
- (3) the effects that location and use have on the value of real property;
- ~~(4) the depreciation, including physical deterioration and obsolescence, of real property;~~
- ~~(5) the cost of reproducing improvements;~~
- ~~(6) (4) the productivity or earning capacity of:~~
 - (A) agricultural land; and
 - (B) real property regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more;
- ~~(7) (5) sales data for generally comparable properties; and~~
- ~~(8) (6) the true tax value of real property based on the factors listed in this subsection and any other factor that the department determines by rule is just and proper.~~

(c) With respect to the assessment of real property, true tax value does not mean fair market value. Subject to this article, true tax value is the value determined under the rules of the department of local government finance.

SECTION 21. IC 6-1.1-36-17 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 17. Before May 10 of each calendar year, the county auditor shall publish in a newspaper of**

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1 general interest and readership and not one of limited subject
 2 matter a notice that includes the information described in
 3 IC 6-1.1-12-43(c)(1).

4 SECTION 22. [EFFECTIVE UPON PASSAGE] The following, all
 5 as amended by this act, apply only to property taxes first due and
 6 payable after December 31, 2006:

7 (1) IC 6-1.1-8-28.

8 (2) IC 6-1.1-8-29.

9 (3) IC 6-1.1-8-30.

10 (4) IC 6-1.1-12-2.

11 (5) IC 6-1.1-12-4.

12 (6) IC 6-1.1-12-10.1.

13 (7) IC 6-1.1-12-12.

14 (8) IC 6-1.1-12-15.

15 (9) IC 6-1.1-12-17.

16 (10) IC 6-1.1-12-17.5.

17 (11) IC 6-1.1-12-17.8.

18 (12) IC 6-1.1-18.5-1.

19 (13) IC 6-1.1-18.5-16.

20 (14) IC 6-1.1-20.9-3.

21 SECTION 23. An emergency is declared for this act.

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